

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
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C O N F I D E N T I A L CAIRO 09773

E.O. 11652: GDS
TAGS: EAID, ECON, EG
SUBJ: CONTINUED PEOPLES ASSEMBLY DEBATE ON RISING PRICES

REF: (A) CAIRO 9509, (B) CAIRO 9662

SUMMARY: DEPPRIMIN KAISSOUNI MADE TWO-HOUR SPEECH BEFORE PA SESSION MARCH 30 IN WHICH HE ADDRESSED CRITICISM OF RISING COST OF LIVING. WHILE GIVING LITTLE COMFORT THAT RELIEF POSSIBLE, HE DID AGREE THAT PRICES OF CERTAIN BASIC COMMODITIES SHOULD BE CONTROLLED TO PROTECT THE POOR. HE MAINTAINED, HOWEVER, THAT ALL OTHER DIRECT AND INDIRECT SUBSIDIES SHOULD END. SPEECH PRECEDED BY CONTINUING PA CRITICISM OF GOVERNMENT. KAISSOUNI APPEARS TO HAVE ADDRESSED ONLY INDIRECTLY CONCERNS EXPRESSED. WHILE HIS SPEECH MAY SERVE TO LIMIT PARLIAMENTARY CRITICISM, IT IS UNLIKELY TO MOLLIFY THOSE WHO ARE FEELING BITE OF INFLATION. NEXT PA SESSION ON SUBJECT SCHEDULED FOR APRIL 4. END SUMMARY.

1. DEPUTY PRIME MINISTER KAISSOUNI'S TWO-HOUR SPEECH AT MARCH 30 PA SESSION ON RISING PRICES GOT HEADLINE TREATMENT IN CAIRO DAILIES MARCH 31. KAISSOUNI SPOKE ON BEHALF
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OF GOE IN ATTEMPT TO ANSWER CRITICISMS LEVELED AT GOVERNMENT POLICY BY PA MEMBERS OVER PAST TWO DAYS. KAISSOUNI LAID BLAME FOR ECONOMIC PROBLEMS (ADDRESSING RISING COST OF LIVING ONLY IN PASSING) ON (A) CONTINUED POPULATION INCREASE, (B) HIGH MILITARY EXPENDITURES (WHICH HE SAID EQUAL 25 PER CENT OF NATIONAL INCOME IN 1977),(C) INCREASES IN NEEDED SERVICES AND (D) PREVIOUS ATTEMPT TO OVER-

SUBSIDIZE COMMODITY PRICES AND CONTROL EXCHANGE RATES.
(OTHER ECONOMIC TOPICS COVERED IN SPEECH REPORTED SEPTEL.)
KAISSOUNI AGREED WITH LEGISLATORS THAT DECISION SHOULD BE
REACHED ON CONTROL OF PRICES OF BASIC COMMODITIES TO
PROTECT POOR, BUT INSISTED THAT OTHER DIRECT AND
INDIRECT SUBSIDIES SHOULD BE ENDED.

2. ACCORDING TO EMBASSY EMPLOYEE OBSERVER AT SESSION,
KAISSOUNI'S SPEECH WAS PRECEDED BY CONTINUED SHARP
CRITICISM OF GOVERNMENT POLICIES. NEW WAFD PARTY
PARLIAMENTARY LEADER HELMI MURAD TOOK GOVERNMENT TO TASK
FOR ORGANIZATION OF WHEAT DISTRIBUTION AND MARKETING
SYSTEM. HE SAID THAT MANY BAKERS ARE FINDING IT MORE
PROFITABLE TO SELL FLOUR FOR ANIMAL FEED THAN TO MAKE IT
INTO BREAD. OTHER MEMBERS CALLED FOR UNITARY PRICES FOR
RICE AND FOR BREAD, DEPLORING CURRENT TWO TIER PRICE
SYSTEM WHICH ALLOCATES POORER QUALITY TO THOSE WHO CANNOT
AFFORD TO PAY HIGHER PRICE. ATTACK ALSO MADE ON NEW PLANS
TO INCREASE RETAIL PRICES OF PUBLIC SECTOR INDUSTRIAL
OUTPUT.

3. OPPOSITION MEMBERS AND SOME MEMBERS OF CENTER PARTY
REACTED NEGATIVELY WHEN KAISSOUNI ROSE TO SPEAK,
ACCORDING TO OUR OBSERVER, CHARGING PRESIDING OFFICER
(DEPUTY SPEAKER SAYED ALI SAYED) WITH ATTEMPT TO
LIMIT DEBATE TO SAVE GOVERNMENT FURTHER EMBARRASSMENT.
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DEPUTY SPEAKER OVERRULED THIER OBJECTIONS. IN CONTRAST
TO PRECEEDING ACRIMONY, MISR PARTY MEMBERS COALESCED
AND GAVE KAISSOUNI APPRECIATIVE APPLAUSE AT END OF HIS
SPEECH. DESPITE APPARENT ATTEMPT TO BRING END TO
DEBATE, ASSEMBLY HAS SCHEDULED FURTHER SESSION ON THIS
SUBJECT FOR APRIL 4.

4. COMMENT: FROM OUR VANTAGE POINT KAISSOUNI'S
SPEECH ADDRESSED ONLY INDIRECTLY CONCERNS
BEING EXPRESSED BY PA MEMBERS. HIS STATEMENT, WHILE
REPRESENTING OBJECTIVE VIEW, MAY BE PERCEIVED AS THIN
GRUEL BY POPULATION ACCUSTOMED TO HEAVY INSULATION FROM
INFLATION. EILTS

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